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The Director of Central Intelligence

Washington, D.C. 20505

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7 March 1986

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: National Intelligence Officer for Warning

FROM:
Assistant National Intelligence Officer for NESA

SUBJECT: Warning and Forecast Report for Near East and South Asia

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The NIO/NESA February warning meeting addressed two topics: the implications of the Coup in South Yemen (presented by CIA/NESA) and the Iran/Iraq War (DIA/DE).

1. South Yemen. The regime in Aden appears to be consolidating its position but the effects of the carnage will be felt for years to come. Both because of the bloodletting and the personalities of the new leadership, this regime will likely be especially repressive--even by South Yemeni standards. It will be unable to avoid intensified tribal cliques and tensions within the ruling elite. While Aden could adopt a hard line towards its neighbors (especially the YAR), it will probably not seek a military confrontation at this point, given its own political divisions and the extensive damage to the military infrastructure.

Hasani may try to exploit the tribal, regional, and ideological animosities in PDRY to create a viable insurgency. The existence of natural sanctuaries, a porous border, and the possibility of Saudi and YAR support increase the prospects for such an effort. On the other hand, Hasani's leadership style and personality indicate he may lack both the drive and political skills to lead a serious effort. One of Hasani's military lieutenants could begin laying the groundwork for a guerrilla movement--with or without Hasani--but the pattern for most of the disaffected will be to seek reconciliation with the new regime or accept exile.

Aden's military was seriously damaged by the fighting. Four of its twelve brigades sustained heavy casualties, almost all units had a large number of desertions, and some units shot-up a large portion of their war

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reserve ammunition. The Soviets will replace the hardware but the regime must contain the continuing desertions and will have to recruit and train replacements.

Moscow's reaction to the coup dealt a setback to its efforts to establish new diplomatic ties with the Gulf states. The PDRY example may also prompt Soviet allies such as Libya, Syria and Ethiopia to be even more cautious about controlling Soviet activities in their countries and in maintaining political maneuvering room against Soviet-backed rivals. Ethiopian leader Mengistu's reaction was especially negative and--for a time--his policies ran directly counter to the Soviet's. In spite of these setbacks, the Soviet's primary interests in the region--access to facilities in PDRY and Ethiopia, and the preservation of Marxist-Leninist regimes there--were not seriously damaged.

Warning Notes

The new ruling elite does not represent a tribal balance and has not demonstrated a sensitivity to the interests of key players such as the military. These factors, combined with many unsettled scores, bloodfeuds and the physical elimination of much of the ruling elite make a recurrence of the recent coup a distinct possibility. The crippling damage to the military raises the utility of using Cubans as a praetorian guard--at least until the regime is fully consolidated.

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2. Iraq. Concerning the air war, an examination of the numbers of Iraqi airstrikes against Iranian economic targets indicates a significant increase over the last six months. There were only six attacks in the first eight months of 1985 and sixty in the last four months. Although the damage inflicted has been greater, it is still modest as Iraq continues to minimize losses by attacking from ineffective altitudes. Iraq is seeking "stand-off" weapons systems to address this problem and gradually choke-off the Iranian economy.

In the recent offensive, the Iraqis reacted effectively to the northern element of a two-pronged Iranian attack. The Iranians reenforced their successes in the south--demonstrating both flexibility and daring--while the Iraqis have continued to react conservatively and

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without decisive results. In the fighting for Faw, the Iranians probably experienced about 20-30,000 casualties, while Iraq had about 10,000. Iraq has used mustard and possibly other CW agents.

In the long term, Iran's ability to resupply the troops in the Al Faw pocket will be strained--especially if the Iraqis press their artillery and air attacks against Iran's lines of communication. Iran may open other offensives to relieve pressure on Al Faw and take advantage of Iraq's redeployments to the south. Although the Iranians hold is vulnerable in the long run, they succeeded in tying down as many as 80,000 of Iraq's best troops with about 30,000 poorly trained conscripts--illustrating again their ability to get the most from limited material resources and to maintain the strategic initiative.

Warning Notes

Both sides are playing for higher stakes and a military disaster could reverberate throughout their respective regimes. Iraq has suffered a significant military and psychological setback that damages Saddam Husayn's credibility and the effectiveness of his attempts to drive Iran to the bargaining table. Although Iran still cannot mount or sustain a drive for Baghdad, a serious Iraqi setback threatens the viability of Saddam's regime. Given falling oil revenues, their successes at Faw and the impending dry season, the Iranians may calculate that now is the time to initiate a major offensive.

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